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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 003522

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SUBJECT: TAIWAN CONFIDENT OVER VANUATU SWITCH

Classified By: AIT Acting Director David Keegan; Reasons: 1.5 (B/D)

1. (C) Summary. MOFA officials say they are certain that the Vanuatu government will formalize the switch in recognition from Beijing to Taipei announced by Prime Minister Serge Vohor and Foreign Minister Mark Chen on November 3 in Taipei. Taiwan officials acknowledge that Vohor's decision does not yet have the formal blessing of his cabinet, but say that Vohor assured Taiwan that he will bring his cabinet in line after his return home. MOFA officials said that they expect Beijing to try to convince Vanuatu cabinet members to reject the change in diplomatic ties, but officials expressed confidence that Vohor's decision would stand. MOFA has declined to specify the amount of aid that was promised to Vanuatu in exchange for recognition, but Vohor's spokesman claimed that Taipei offered \$28 million with no strings attached. End summary.

Surprise Announcement in Taipei

2. (C) Taiwan Foreign Minister Mark Chen and Vanuatu Prime Minister Serge Vohor announced on November 3 the establishment of diplomatic relations between the "Republic of China" and Vanuatu. MOFA officials told AIT that Vohor secretly arrived in Taipei on November 2 to finalize the

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deal. During a meeting with Vohor, President Chen Shui-bian hailed the opening of relations between the "Republic of China" and Vanuatu after 20 years of hard work. He said the "ROC" and Vanuatu are both "oceanic nations" and will work to expand cooperation in the fisheries sector. Vohor said that Vanuatu will use its voice in various international organizations "to help Taiwan gain recognition as a sovereign country."

Confusion Reigns After Announcement

3. (C) The surprise announcement in Taipei sparked controversy over Vohor's authority to determine Vanuatu's diplomatic relationships. Vanuatu's acting Prime Minister Ham Lini told reporters in Port Vila that Vanuatu "supports the one-China policy," and only recognizes the PRC. He characterized reports that Vohor signed a diplomatic accord in Taiwan as a mistake because Vanuatu had already signed a recognition agreement with Beijing. There were also wire reports that the communiqu had not yet received the support of Vohor's cabinet, which is required for the agreement to be finalized. The PRC Foreign Ministry announced on November 4 that Beijing had received a guarantee from Lini that Vanuatu-PRC diplomatic ties would continue.

Taiwan Confident of Switch

4. (C) Taiwan officials assert that Vohor's announcement was final and that they fully expect his cabinet to support the decision. MOFA Assistant Director General for East Asian and Pacific Affairs Philip Lee told AIT that Vohor guaranteed Taiwan that his cabinet would support the communiqu he signed. Lee remarked that Vohor told his Taiwan counterparts that he would "take care of" the cabinet after returning to Vanuatu. According to Lee, Vohor shared his plan to de-recognize Beijing with key members of his cabinet before arriving in Taipei. Lee said that the reason for the confusion after the announcement was that this agreement had to be undertaken in secret to ensure Beijing did not interfere. Lee noted that Taipei had been working since 1988 to convince Vanuatu to de-recognize Beijing and MOFA first had discussions with Vohor in 1992 about establishing official ties when he was Foreign Minister. Lee added that Vohor had become a good friend of Taiwan and that this was his decision.

5. (C) It is still unclear how much economic assistance Vanuatu will receive in exchange for recognition. Vohor's spokesman reported to the Vanuatu press over the weekend that

Taiwan had agreed to provide up to \$28 million next year with no strings attached. MOFA Vice Foreign Minister Michael Kau publicly denied this and said that this was an "imaginary" figure. Assistant Director General Lee refused to tell AIT how much aid, and in what form, was promised to Vanuatu in exchange for the diplomatic switch, asserting that details would be worked out later. He did mention that Vohor had been frustrated with Beijing's empty promises in providing aid. Lee also remarked that Taiwan is more than happy to assist Vanuatu economically. Lee lamented that given Taiwan's diplomatic isolation, it must offer countries economic expertise and experience in exchange for recognition.

Beijing Surprised, Working to Counter Move

16. (C) MOFA officials noted that Beijing was caught off guard by Vohor's announcement, but moved quickly to lobby members of Vanuatu's cabinet to reject the move. During an official visit to Beijing in September, Vohor reportedly assured President Hu Jintao and Premier Wen Jiabao that Vanuatu would continue to recognize Beijing. Assistant Director General Lee told AIT that they expect Beijing to try to convince Vanuatu cabinet members not to support the switch in diplomatic ties, but Lee and other Taiwan officials claimed that they are not concerned that Vohor's decision would be overturned.

Comment: The Usual Muddle

17. (C) Vanuatu marks another round in the ongoing Beijing-Taipei diplomatic chess match. MOFA officials were clearly ecstatic over the small win, which they see as a pay-off for more than a decade of work cultivating Vohor. However, the personalized nature of the deal raises questions about whether the new Taiwan-Vanuatu relationship is sustainable. Even if Vohor succeeds in bringing his cabinet around, it is far from certain whether Vanuatu will switch back to Beijing once more after he leaves the political arena. Equally unclear is whether Taiwan's own legislature will be willing to underwrite once again Taiwan's dollar diplomacy, especially if it turns out that money is going into Vohor's personal bank account rather than legitimate development projects.

18. (C) However this latest episode in Taiwan's courtship of available diplomatic relationships plays out, it begs the larger question. How long can Taiwan persuade its 27 formal diplomatic partners to resist the blandishments and intimidation that Beijing can deploy? Does Taiwan have a sustainable strategy to maintain its "international space" if and when its formal diplomatic relations disappear one by one? We will explore that question over the coming months.

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